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GOVERNOR



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April 29, 2011

**ADDENDUM 3**  
**TO**  
**REQUEST FOR PROPOSALS**  
**No. 11-04**

**TO FURNISH LIFE INSURANCE BENEFITS**

EUTF's Response to Written Questions: (see attachments – 7 pages).

RFP 11-04 for Life Insurance		
	Question	Answer
1	Please provide claims and premium experience for active and retiree coverage from January 2006 through June 2007 and from July 2009 through December 2010.	An RFP addendum of additional claim experience is now available on the EUTF web site
2	The Appendix A paid claims figures shown on an annual basis (Two Periods) from July 2007 through June 2009 don't match the paid claims figures shown on a semi-annual basis (Four Periods) from July 2007 through June 2009. Please explain the differences between the reports and clarify which report is most recent.	The annual basis report is the cash flow experience and the semi-annual basis report is the incurred experience
3	If the current premium rates have not been in effect since January 2006, please provide a rate history to 2006.	Current Rates have been effective throughout the current contract
4	Page 28 of the RFP states that the retiree death benefit amount is \$2,372, but the Standard life insurance certificate accessed via the EUTF website states the benefit is \$2,272. Please clarify.	This is a typographical error. The benefit is \$2,272. An addendum has been posted to the web site
5	With regard to our financial proposal, is the EUTF requesting premium rate proposals to support the current death benefit amounts, or requesting proposed benefit amounts that can be supported by the current premium rates?	Please refer to the Proposal Sheet which requests a rate per thousand. The benefit is the resulting amount which a premium of \$4.12 will purchase. You are required to submit a rate per thousand.
6	Please provide a copy of a recent monthly premium remittance statement.	Premiums are on a per capita basis. Check census information for participant counts
7	Is dependent or voluntary life insurance included in this RFP?	No
8	Page 22 of the RFP states the life insurance carrier may be required to maintain a customer service office in Hawaii. What would be the determining factor as to whether a local office is needed?	Please refer to the evaluation scoring categories in the Request for Proposal
9	Can you provide more specific information on the carrier's attendance at the annual enrollment informational sessions and staff training sessions? Approximately how many meetings or sessions would the carrier be required to attend, and what is the timing of the meetings (e.g. the entire months of April and October, or just a few days each month)?	The 2010 Open Enrollment Schedule for 2011 elections is available on the EUTF Website as an illustration of the number of sessions you may be required to have a personal representative attend. This is not the limitation of the number of meetings you may be required to attend.

RFP 11-04 for Life Insurance		
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10	Page 25 of the RFP states that the quarterly financial reports must be reported by bargaining unit. How many bargaining units are there?	Approximately 16 subdivisions of the accounting are required to include bargaining units and different groups. This is subject to revision in order to meet the accounting requirements of the EUTF
11	Page 18 of the RFP requests a nonparticipating funding arrangement, but the life questionnaire asks to confirm that our proposed funding arrangement is participating (dividend eligible). Please clarify the requested funding arrangement.	The requested funding arrangement is Non Participating as indicated on the Proposal Sheets
12	Will the life insurance plan be self-administered/self-billed by the State/EUTF, or will the insurance carrier be responsible for maintaining individual employee records and for generating monthly invoices?	Life insurance plan will be self-billed by the EUTF
13	This is a point of clarification, rather than a question. On page 28 of the RFP it lists the Retiree (Class2) benefit as \$2,372 but the current retiree benefit is actually \$2,272.	See Previous answer, the benefit is \$2,272
14	Page 6 of the RFP states that you need 12 electronic copies of the proposal in Word Format. Should those 12 copies be on separate CDs for distribution to the evaluation committee? If not, what is your preferred format?	They should be on separate CDs
15	Currently the HSTA members that were added to the plan as of 1/1/11 have a different benefit schedule than the rest of the EUTF participants. Do you know if the EUTF wants to continue the current HSTA schedule for HSTA Actives and Retirees in 2012 or to match the EUTF schedule?	The benefit as described is the life insurance amount that can be purchased for a monthly contribution of \$4.12.
16	Is the rate showing of \$4.16 a blended rate for actives and retirees? Is this the way you would like the rates to be portrayed, or by each class separately, by cents per thousand?	Please refer to the Proposal Sheet which requests a rate per thousand. The benefit is the resulting amount which a premium of \$4.12 will purchase. You are required to submit a rate per thousand. \$0.04 cents is added to the life insurance rate by the EUTF to cover administrative expense of the Trust EUTF reserves the right to award separate contracts for actives and retirees
17	Can we get of description of the different Bargaining Units involved with the EUTF?	The Represented and Non Represented Units are Currently: UPW; HGEA; UHPA; HFFA; HSTA and SHOPO

RFP 11-04 for Life Insurance		
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18	What performance guarantees do you require and do all these listed apply to the Life product as they look more closely tied to medical and dental?	Please refer to Appendix F
19	What is the enrollment history for the entity? Are there any significant changes upcoming? If there has been or will be changes upcoming please explain why.	Please refer to Appendix A for premium volume history. Information about the progress of HB 814 should be monitored as it will significantly affect the Life Insurance benefit, if passed and signed into law. The Hawaii official web site has links to pending legislation
20	Is a minimum of a customer service line required at the specified hours required of the life carrier?	No, additional administrative support for the EUTF Administrative Office is required during the posted hours of operation of the EUTF offices, which are 7:45AM - 4:30PM HST from the office committed to provide service and support to the EUTF Administrative Office.
21	What type of open enrollment assistance do you expect from the life carrier?	Please review the schedule of meetings and locations which are at a minimum the requirement for in person attendance at all meetings, plus the preparation of all Summary Plan Descriptions, Enrollment information booklets and formal Explanation of Coverage for the contract. Additional meetings attendance and materials may be requested as well as administrative assistance with the enrollment of employees and retirees.
22	Are ID cards required for life?	No
23	Are you requesting portability benefits for amounts higher than the active benefit?	No
24	Is there additional experience reports available for dates 7/1/09-present similar to the previous years?	All available experience reports have been distributed
25	What are the chances of HB814 passing? Does that leave the carrier with the retiree population? If the rate is blended would that allow the carrier to rerate to the remaining population?	The progress of legislation is posted on the State of Hawaii website and should be monitored

RFP 11-04 for Life Insurance

	Question	Answer
26	Is an office in Hawaii required?	No, however, an office must be available to provide the support to the EUTF Administrative Office during the official hours of operation of that office. See answer to question #5, above.
27	Is repatriation required from the carrier?	The exact benefits must be duplicated, that are currently provided
28	Do you want us to quote Par or Non-Par?	A Non Participating Contract is required
29	What is your expectation of the quoted rates for the winning bidder? Lower than the experience rate?	We are unable to answer this question.
30	What administration are you expecting from the winning bidder? Maintaining eligibility and handle updates? Maintain beneficiary designations?	Please refer to the scope of services listed in the RFP for an extensive list of the services required which include those in your question as well as additional services.
31	Is all the experience given with Standard Insurance?	All of the available experience has been provided
32	On the experience given in Appendix A the total incurred claims on both the active and retirees do not match based on the two period and four period reports. Can you please clarify?	One is on an incurred basis and the other is clearly marked as a cash basis accounting
33	Does the report on the last page of Appendix A include both active and retiree premiums and claims?	Yes

RFP 11-04 for Life Insurance

	Question	Answer
34	<p>Reference: Appendix A.</p> <p>Does the Life Insurance Experience Exhibit include claim experience from the Hawaii State Teachers Association (HSTA) Voluntary Employee Beneficiary Association (VEBA)? If not, can you please provide the premium and claims experience information for the HSTA VEBA group life insurance benefit for fiscal years 2008, 2009, and 2010, separately for active employees and retirees? If different from the EUTF plan, please provide a description of the coverage amounts and any age reductions for the HSTA VEBA group life insurance plan.</p>	<p>No. That experience of the HSTA contract previous to January 1, 2011 is not available at this time, although a request has been made to provide this experience to the EUTF. If this experience is obtained it will be posted as an addendum on the EUTF web site</p>
35	<p>Reference: Appendix A.</p> <p>The experience report for Policy Year 7/2007 – 6/30/2008 shows considerably higher death claims than for Policy Year 7/2008 -- 6/30/2009. Is there any reason for this significant difference? For example, do the claims paid in Policy Year 7/2008 -- 6/30/2009 for deaths occurring in Policy Year 7/2007 – 6/30/2008 significantly exceed the reserve for unpaid claims at the end of Policy Year 7/2007 – 6/30/2008? Please provide a breakdown of paid claims by incurred fiscal year?</p>	<p>We are unable to answer this question.</p>
36	<p>Reference: Appendix A.</p> <p>Can you please provide a breakdown of paid claims by the Policy Year in which the claims were incurred?</p>	<p>All of the experience reports available to the EUTF have been provided with this RFP</p>
37	<p>Reference: Appendix A.</p> <p>What is the breakdown for the experience data for 07/01/2009 through 06/30/2010 between actives and retirees? Can you please provide the experience, broken down between actives and retirees, for the period 7/1/2010 through 3/31/2011?</p>	<p>All of the experience reports available to the EUTF have been provided with this RFP</p>
38	<p>Reference: Appendix A.</p> <p>Do the claims in the experience reports include claims for Repatriation Benefit? What is the amount of benefits paid each Policy Year for the Repatriation Benefit?</p>	<p>We are requesting that information and it will be made available in the future as an addendum to this RFP</p>
39	<p>Reference: Appendix A.</p> <p>Does the existing contract with Standard Insurance Company provide for a refund if claims and retention are less than premiums?</p>	<p>No</p>

RFP 11-04 for Life Insurance

	Question	Answer
40	<p>References: Section II (Requested Plan Design and Funding Arrangement)</p> <p>Section VIII (Life Questions #4 – 10, 14 -- 19)</p> <p>The end of Section II requests "quotes for a fully insured, non participating contract". However, some of the questions in Section VIII are typically asked only in regard for experience refunding arrangements. Please confirm that the RFP is requesting a proposal for a non-participating (i.e., not including an experience refund arrangement) plan.</p>	Confirmed
41	<p>Reference: Appendix A and Appendix B</p> <p>In the Life Insurance Experience Exhibit (and stated in the end of Section II – Requested Plan Design and Funding Arrangement), the rate is described as \$4.12. Yet the exhibit of premiums in Appendix B shows the current contribution as \$4.16. Please explain this \$0.04 difference.</p>	<p>Please refer to the Proposal Sheet which requests a rate per thousand. The benefit is the resulting amount which a premium of \$4.12 will purchase. You are required to submit a rate per thousand.</p> <p>\$0.04 cents is added to this rate by EUTF for administration.</p>
42	<p>Reference: Plan Comparison Summary (Page 28 -- 29)</p> <p>If an insured is entitled to or received an accelerated benefit under the prior carrier, is the balance due at the time of death the responsibility of the insurer that provided the accelerated benefit or is it the insurer at time of death? Are there any circumstances in which the insurer at the time of death is responsible for: a) the balance after deducting the accelerated benefits that was paid previously by the prior insurer; or b) for the entire amount death benefit, (including the amount previously incurred under the accelerated benefit by the prior insurer)?</p>	<p>Yes. Upon contract termination of the existing contract, future payments become the responsibility, for benefits due upon an incurred basis, including benefits for the remaining death benefit if death occurs after the termination of the current contract.</p> <p>Since 2006 there has been only one accelerated life benefit claim. Ultimately a death benefit was paid on that claim. There are no other accelerated death benefit claims pending.</p>
43	<p>Reference: Plan Comparison Summary (Page 28 -- 29)</p> <p>Is the inclusion of a portability provision a requirement for selection?</p>	The current benefits are to be duplicated or noted as an exception in your proposal
44	<p>Reference: Plan Comparison Summary (Page 28 -- 29)</p> <p>Why is the maximum amount of insurance eligible for portability \$300,000? The maximum coverage amount provided for by the current plan is \$36,225?</p>	We are unable to answer this question.
45	<p>Reference: Plan Comparison Summary (Page 28 -- 29)</p> <p>Will the Plan Comparison Summary be provided by the EUTF in MS Word format?</p>	This has been provided and is posted on the EUTF web site with the RFP

RFP 11-04 for Life Insurance		
	Question	Answer
46	<p>Reference: Section I, #9 (Submission of Proposals)</p> <p>For the entire proposal submission (both to the EUTF and The Segal Company), how many signed copies are required? Do the requests for "signed copies" mean photocopies of a single signed master; or do "signed copies" require original signatures?</p>	In Section I, #9, the instructions require an original Master which is signed, and in addition each required copy of the Master (2 copies of the Master) must have an original signature.
47	<p>Item #3 of the Confidentiality Agreement indicates that "Neither OFFEROR nor any of its Representatives will disclose the Proprietary Information to any person or entity outside of OFFEROR, unless such a disclosure is: (a) necessary to prepare a proposal and the recipient first executes a confidentiality agreement with provisions equivalent to this one; or (b) required by law."</p> <p>If Pacific Guardian Life utilizes the services of a reinsurer, would it be acceptable for the reinsurer to sign the same Confidentiality Agreement as enclosed in the RFP in order to obtain the necessary Proprietary Information in connection with this RFP?</p>	Yes
48	If available, please provide a listing of current disabled lives to be covered, including information on each disabled person's gender, date of birth, face amount, and diagnosis.	See attached Group Policy Amendment No. 1.
49	Please provide workplace addresses (street, city, zip) and covered lives at the largest workplace location and those locations with greater than 750 lives.	The majority of employees and retirees live on Oahu